

Senate Engrossed

FILED

**KEN BENNETT
SECRETARY OF STATE**

State of Arizona
Senate
Forty-ninth Legislature
First Special Session
2009

CHAPTER 3

SENATE BILL 1003

AN ACT

AMENDING SECTION 28-2159, ARIZONA REVISED STATUTES; MAKING APPROPRIATIONS;
RELATING TO REVENUE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 28-2159, Arizona Revised Statutes, is amended to
3 read:

4 28-2159. Staggered registration

5 A. The director shall establish a system of staggered registration on
6 a monthly basis to distribute the work of registering vehicles as uniformly
7 as practicable throughout the twelve months of the calendar year.

8 B. All vehicle registrations provided in this chapter expire pursuant
9 to schedules established by the director. The director may set the number of
10 renewal periods within the month from one each month to one each day
11 depending on which system is most economical and best accommodates the
12 public.

13 C. If adoption of the staggered system results in the expiration of
14 any registration more than a year from its issuance, the department shall
15 charge a prorated registration fee in addition to the annual fee.

16 D. In order to initiate a system of registering or reregistering
17 vehicles during any month of the calendar year, the director may register or
18 reregister a vehicle for more or less than a twelve month period, but not
19 more than eighteen months, and may prorate the annual registration fee if in
20 the director's opinion proration tends to fulfill the purpose of the monthly
21 registration system.

22 E. The director may provide for ~~the biennial~~ A TWO YEAR OR FIVE YEAR
23 registration ~~of~~ PERIOD FOR any vehicle not subject to annual emissions
24 testing pursuant to section 49-542. ~~Beginning from and after December 31,~~
25 ~~1998,~~ For vehicles eligible for ~~biennial~~ A TWO YEAR OR FIVE YEAR
26 registration, the director shall provide in each renewal registration packet
27 information that clearly indicates:

28 1. The vehicle owner has a choice of registering the vehicle for one
29 year, ~~or~~ for two years OR FOR FIVE YEARS.

30 2. The total amount due for a one year registration period.

31 3. The total amount due for a two year registration period.

32 4. THE TOTAL AMOUNT DUE FOR A FIVE YEAR REGISTRATION PERIOD.

33 F. The director or a registering officer may allow a person who owns
34 three or more vehicles to register or reregister the vehicles for less than
35 one year so that the vehicles' registrations expire on the same date. The
36 director may not delay the registration date for a vehicle if it causes a
37 decrease in the vehicle license tax. The director or the registering officer
38 shall prorate the registration fee of these vehicles. This subsection does
39 not apply to a commercial vehicle with a gross weight of more than ten
40 thousand pounds or to a motor vehicle rental or leasing agency.

41 G. The director shall adopt rules necessary to accomplish the purposes
42 of this section.

1 Sec. 2. State and county tax amnesty; definitions

2 A. Notwithstanding title 42, chapter 1, article 3, Arizona Revised
3 Statutes, the director of the department of revenue shall establish a tax
4 amnesty program as provided by this section.

5 B. If a taxpayer complies with the requirements of this section by
6 applying to the department for amnesty during the amnesty period and
7 complying with the applicable tax requirements in the time and manner
8 prescribed by this section, the director shall abate or waive all or part of
9 the civil penalties and impose interest at a reduced rate for tax liabilities
10 that have been or could be assessed or imposed for any taxable period during
11 the applicable liability period without the need for the taxpayer to show
12 reasonable cause or the absence of wilful neglect. For the purposes of this
13 subsection, "liability period" means:

14 1. For taxpayers filing annually, any taxable period beginning from
15 and after December 31, 2001 and ending before January 1, 2008.

16 2. For taxpayers having a 52-53 week tax year, any taxable period
17 beginning from and after January 14, 2002 and ending before January 1, 2008.

18 3. For all other taxpayers, any taxable period beginning from and
19 after December 31, 2002 and ending before January 1, 2008.

20 C. The director may grant amnesty only for the taxable periods and tax
21 liabilities identified in the application and only if the taxpayer satisfies
22 all of the amnesty conditions and requirements prescribed by this section.

23 D. To qualify for amnesty, the taxpayer must:

24 1. Submit a complete and correct application as provided by subsection
25 F of this section during the amnesty period.

26 2. Pay the tax, plus any interest due pursuant to this section on or
27 before June 1, 2009.

28 E. A taxpayer does not qualify for amnesty under this section if:

29 1. An audit determination has become final with respect to the taxable
30 period for which amnesty is sought.

31 2. The taxpayer is a party to any criminal investigation or to any
32 criminal administrative proceeding or criminal litigation that is pending on
33 January 1, 2009 in any court of the United States or of this state for
34 failure to file or failure to pay, or for fraud with respect to, any tax
35 imposed by any law of this state and required to be collected by the
36 department.

37 3. The taxpayer has been the subject of a past tax-related criminal
38 investigation, indictment or prosecution if the investigation, indictment or
39 prosecution resulted in a conviction, a guilty plea or a plea of no contest.

40 4. The taxpayer has been convicted of a crime relating to any period
41 or assessment of a tax that is the basis of the penalty or interest with
42 respect to which amnesty is sought.

43 5. The taxpayer is a party to a closing agreement with the department
44 for the tax periods included in the amnesty application.

1 F. An application for amnesty:

2 1. Must be on an application form furnished by the department that
3 requires the applicant to identify the tax, the qualifying taxable period and
4 the tax liability for which amnesty is sought and to furnish other
5 information prescribed by the director. The taxpayer shall include any
6 returns and reports, including amended returns and reports, for the tax and
7 taxable periods. Any return or report filed under this section is subject to
8 verification as provided by law. A taxpayer who has insufficient information
9 to file a full income tax return may file a gross income return and compute
10 the tax pursuant to established rate brackets based on average tax rates for
11 the applicable taxable years.

12 2. Must be filed with the department as prescribed by the director
13 during the amnesty period.

14 G. An application for amnesty constitutes an express and absolute
15 waiver of all administrative and judicial rights of appeal available at that
16 time that have not run or otherwise expired as of the date of application.
17 The state board of tax appeals and any court shall dismiss each such action
18 or proceeding before that body on receiving a notification from the director
19 that amnesty has been granted for the taxable period for that taxpayer. If
20 the audit determination is not final, the taxpayer must withdraw from the
21 proceeding or litigation before amnesty is granted. A taxpayer that files an
22 application for amnesty retains all administrative and judicial rights of
23 appeal with respect to any additional tax assessed in a subsequent audit by
24 the department.

25 H. On reviewing the application and determining compliance with the
26 requirements of the amnesty program under this section:

27 1. The director shall notify the taxpayer regarding the application
28 for amnesty, waiving or abating the civil penalties and imposing a reduced
29 interest rate for tax liabilities that were or could have been assessed for
30 the taxable periods covered by the application.

31 2. No administrative, civil or criminal action may be brought for
32 failure to comply with the tax requirements for the taxable periods covered
33 by the application.

34 I. A grant of amnesty under this section does not entitle any affected
35 taxpayer or other person to a refund or credit of any amount previously paid.

36 J. The director shall deny or revoke the amnesty of a person who files
37 a false or fraudulent application, return or report for purposes of this
38 section, or otherwise attempts to defeat or evade a tax through the amnesty
39 program. If a person who applies for amnesty fails to pay all amounts due as
40 provided by this section, any amnesty granted pursuant to this section is
41 void.

42 K. The director may:

43 1. Do all things necessary to provide for the timely implementation of
44 this section.

2. Adopt emergency rules pursuant to section 41-1026, Arizona Revised Statutes, as necessary to administer this section.

L. The tax revenues collected pursuant to amnesty payments shall be distributed by the department as provided by law on or after June 1, 2009 but before July 1, 2009.

M. On or before June 30, 2009, the department shall submit a report to the governor, the speaker of the house of representatives and the president of the senate. The report shall include:

1. The number of taxpayers that have applied for amnesty under this section.

2. The number of taxpayers that have been granted amnesty.

3. The amount of revenue received from taxpayers for the amnesty period.

4. The amount of outstanding liability from taxpayers that have begun paying.

N. For the purposes of this section:

1. "Amnesty period" means May 1 through June 1, 2009.

2. "Tax" means any tax administered or collected by the department of revenue on behalf of this state or a county except estate tax and ad valorem property taxes.

3. "Tax liability" includes any payment of estimated tax, withholding tax, interest and penalties required by law.

4. "Tax requirement" means:

(a) Timely filing a complete and correct tax return or report required by law.

(b) Timely paying a tax liability.

Sec. 3. Required reduction in hours

An agency director may require agency covered employees to work reduced hours in order to comply with any reduction in appropriations for personnel expenses and related benefit costs for fiscal year 2008-2009. The director of the department of administration shall prescribe procedures to implement these reductions. The director of the department of administration is exempt from the rule making requirements of title 41, chapter 6, Arizona Revised Statutes, for the purposes of prescribing these procedures.

Sec. 4. Reimbursements; state lake improvement fund; state parks

If the Arizona state parks board has entered into an agreement with a contractor using monies from the state lake improvement fund pursuant to section 5-382, subsection D, Arizona Revised Statutes, the board must reimburse contractors for any costs incurred before February 1, 2009.

Sec. 5. Transfer of monies; fire suppression

A. Notwithstanding section 37-623.02, subsection D, paragraph 1, Arizona Revised Statutes, the sum of \$3,000,000 is transferred from the Arizona state parks board heritage fund established by section 41-502, Arizona Revised Statutes, to the fire suppression revolving fund established

1 by section 37-623.02, Arizona Revised Statutes, on the effective date of this
2 act.

3 B. The monies transferred under subsection A of this section are in
4 lieu of any other monies that are made available from the state general fund
5 for fiscal year 2008-2009 for fire suppression by the state forester for the
6 purposes of section 37-623.02, Arizona Revised Statutes. The state forester
7 shall reimburse to the state general fund any amounts transferred from the
8 state general fund in fiscal year 2008-2009.

9 Sec. 6. Appropriation; state parks

10 Notwithstanding section 41-511.23, subsection I, Arizona Revised
11 Statutes, all monies in excess of \$500,000 in the administration account of
12 the land conservation fund are appropriated to the Arizona state parks board
13 for the purpose of operating state parks on the effective date of this act.

14 Sec. 7. Arizona state lottery commission; county lottery
15 proceeds; transfer

16 Notwithstanding section 5-522, Arizona Revised Statutes, the state
17 lottery distributions to the county assistance fund established by section
18 41-175, Arizona Revised Statutes, the local transportation assistance fund
19 pursuant to section 28-8101, subsection D, Arizona Revised Statutes, and the
20 local transportation assistance fund pursuant to section 28-8101, subsection
21 E, Arizona Revised Statutes, are transferred to the state general fund before
22 distribution in the following amounts, respectively:

- 23 1. \$382,500.
24 2. \$1,150,000.
25 3. \$475,000.

26 Sec. 8. Conforming changes

27 The Arizona legislative council staff shall prepare proposed
28 legislation conforming the Arizona Revised Statutes to the provisions of this
29 act for consideration in the forty-ninth legislature, first regular session.

30 Sec. 9. Repeal

31 Section 2 of this act, relating to tax amnesty, is repealed from and
32 after December 31, 2009.

APPROVED BY THE GOVERNOR JANUARY 31, 2009.

FILED IN THE OFFICE OF THE SECRETARY OF STATE FEBRUARY 2, 2009.